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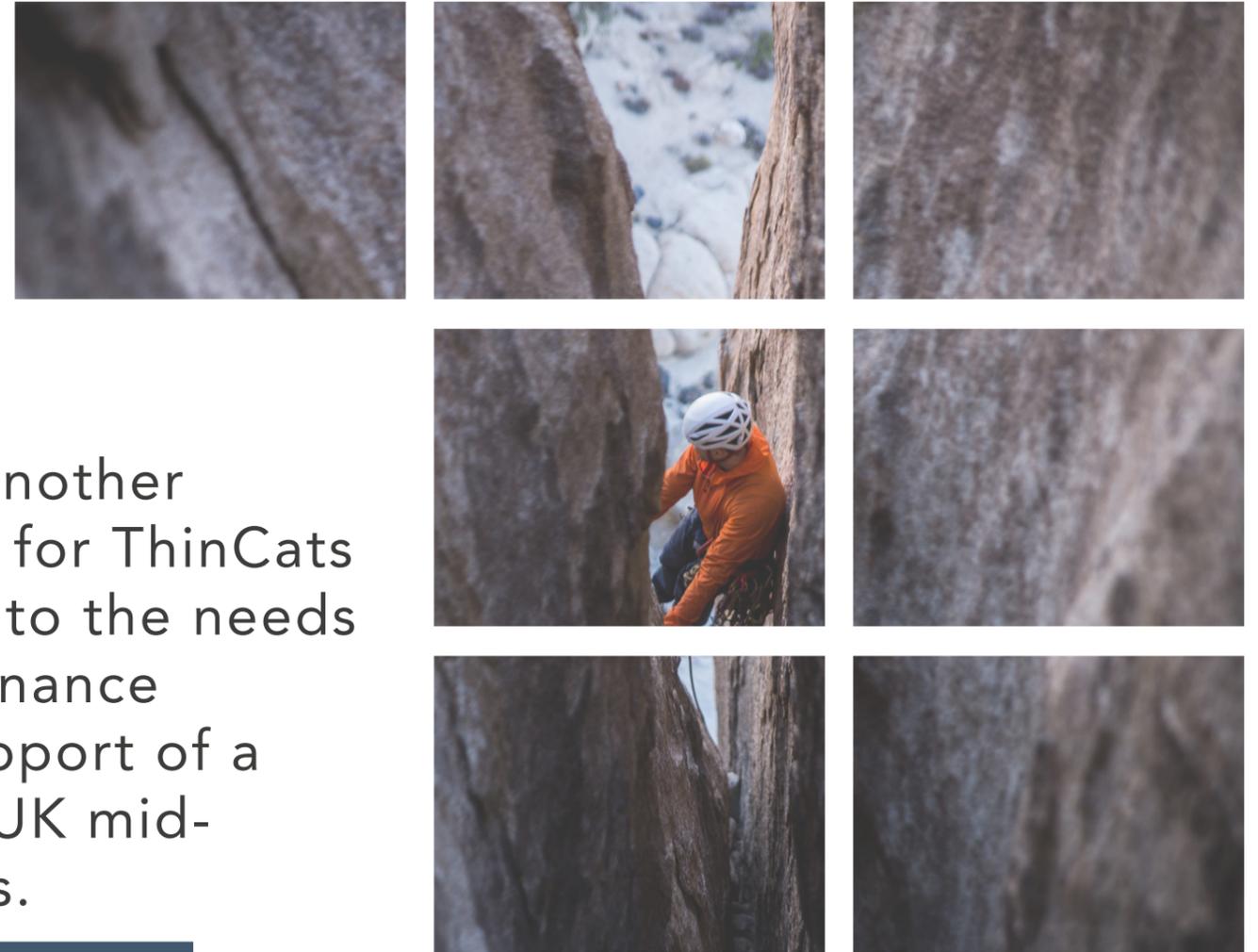
THINCATS

2019 ANNUAL REVIEW

A FEW WORDS FROM OUR CEO



2019 was another strong year for ThinCats responding to the needs of business finance advisers in support of a wide range of UK mid-sized businesses.



The UK economic environment in 2019, much like the year before, was dominated by ongoing Brexit uncertainty. Whilst there was an impact on general business activity, the largely domestic focused SME sector continued to grow. The December general election result led to greater certainty about our departure date on 31 January 2020, however, business confidence will continue to be affected until there is more clarity on the future trading relationship with the EU.

In support of mid-sized SMEs, ThinCats made strong progress in providing funding solutions to more and more businesses. In 2019 we provided record funding of almost double 2018's previous record.

We are clearly doing something right and feedback from borrowers, advisers and our institutional funders is very positive: businesses that use us once are increasing facilities with us. The clear market gap which we now serve, encourages us to invest further in improving our market offering.

Since becoming CEO in October I have spoken to numerous people about how ThinCats can move more quickly to support even more businesses while continuing to deliver attractive risk-adjusted returns to our investors. Having listened and reviewed our capabilities I drew three main conclusions.

The first was that the deep pool of institutional capital provides the most appropriate and stable source of funding for the thousands of mid-sized businesses that we want to support. As a result, we announced in December that all future loans will be sourced entirely by institutional investors as the retail P2P platform closed to new business and entered a run-off phase.

Secondly, I concluded that providing the flexibility, speed of response and surety of funding required by advisers, borrowers and our institutional funders is critical to meeting the complex needs of mid-sized businesses.

Thirdly, the best way to deliver this is by having experienced people across all stages of the funding process located close to our clients. This is why we have been expanding our network of origination and credit offices across the UK so that we can better serve the regional communities of business advisers.

Given the resource needed to deliver this increased investment, we have increased our minimum loan size to £1m apart from MBIs where the minimum is now £2m. Our maximum loan size remains at £15m.

Looking forward into 2020 our very strong pipeline of transactions for Q1 shows that UK businesses remain keen to invest in their futures and, perhaps, feel a bit more confident given some easing of the political deadlock surrounding Brexit.

I hope you enjoy this review and wish you a successful year ahead.

Amany Attia, CEO

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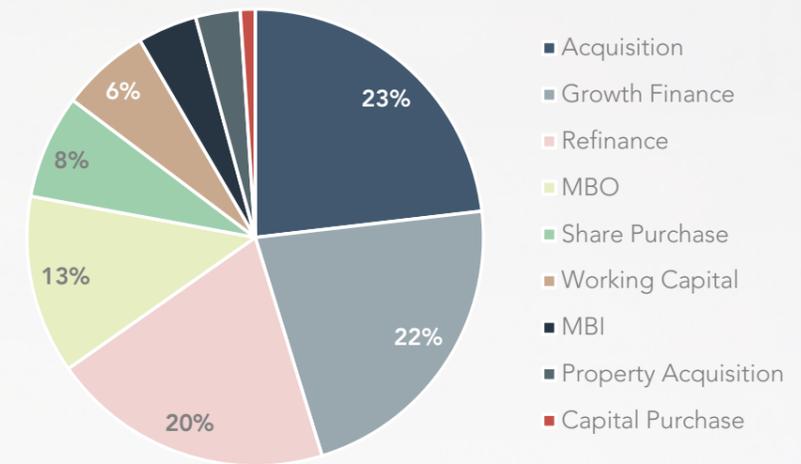
2019: ANOTHER RECORD YEAR

2019 was a record year in terms of the amount of funding that we provided and the number of businesses that we supported. In the summer we passed through £500m of total lending to date.

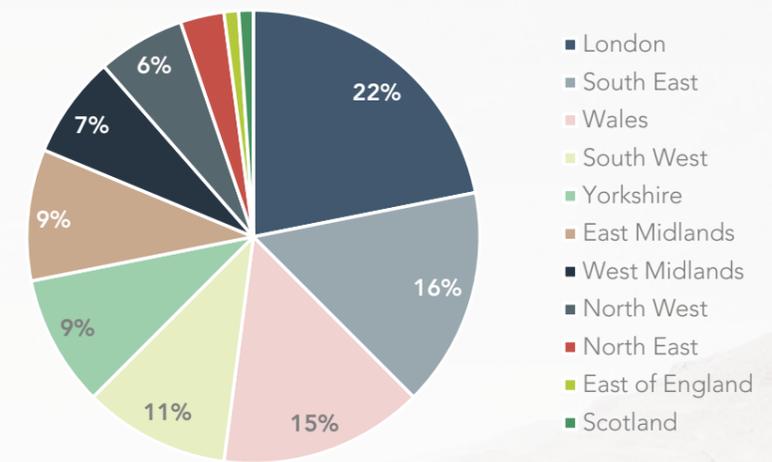
£2.2M
AVERAGE
TRANSACTION SIZE

£13M
LARGEST DEAL SIZE

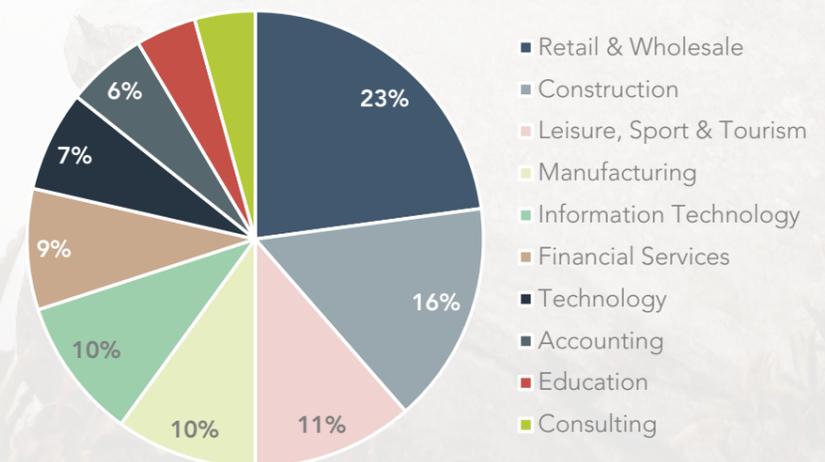
DEALS BY FUNDING NEED



DEALS BY REGION



DEALS BY INDUSTRY



*percentages based on number of loans for all charts

INVESTING IN PEOPLE

Based on our view that flexibility, speed of response and surety of funding are the most important factors for satisfying our clients, we continued to invest in our people.

BUSINESS DEVELOPMENT

Our team of Regional Business Development Directors based across the UK is the first point of contact for advisers and businesses looking for funding solutions. As ThinCats has become more established, we have been able to attract highly experienced origination experts who have deep-rooted relationships within their local business finance communities.

To enhance our service offering, we have also recruited a number of regional Associate Directors whose role is to support their regional business development teams in progressing transactions through the funding process.

Working alongside our business development team is a team of regional heads of credit based in the same offices. This ensures we can engage very quickly with borrowers and their advisers when assessing new funding proposals.

Building on our existing offices in Ashby, London and Birmingham, in February we opened an office in Sheffield in response to increasing demand in Yorkshire and the North East of England. In the Autumn we opened a new office in Glasgow and moved to a larger office in Birmingham. In Spring 2020 we plan to open a new office in Manchester.



"Having reviewed the UK SME lending market, we see a real need for our particular lending model from the "M"s of SMEs. These medium-sized businesses are often well established, however, they are not large enough to gain proper attention from the banks, whilst their needs are too complex for the online only lenders. There is a genuine gap in the £1m - £15m space for a lender like ThinCats that can offer a bespoke funding service delivered by regionally based origination and credit experts.

We are taking this personal service one step further in 2020 by developing specialist services to private equity backed businesses and those in the healthcare and leisure sectors."

Mike Hackett, Head of Sales

CREDIT

Our regional credit teams work closely with the business development team to provide an early indication of our appetite to fund a potential transaction and to provide transparency and surety during the funding process. During the year we have added further regional credit experts in the North West, Midlands and London to work alongside our existing credit and origination teams.

CLIENT SERVICING

As we fund more businesses, we have invested in our ability to serve borrowers after a loan has drawn down. The Client Servicing team, which handles all aspects of account queries, loans payments, annual follow-up visits, and ongoing reporting requirements was strengthened with three new members of staff.

ENHANCED FLEXIBILITY

There are around 250,000 established UK businesses with between 10 and 250 employees that make a huge contribution to the UK economy but are being widely excluded from vital funding. ThinCats exists to fill this gap and help these mid-sized businesses think bigger.

The lending product behind our funding solutions is a straightforward fixed interest term loan. Because of the simplicity of the underlying loan structure, we can be very flexible when creating an interest and capital repayment schedule to align with a borrower's business cycle. For example, we often build in a period of interest only payments to give time for the benefits of the loan to feed through into increased revenues.

We can also be flexible in terms of the security and covenants we require. In addition to

providing loans backed by physical assets such as property, we also support businesses with limited physical assets by lending against cash flows. This is increasingly common for many service businesses in the modern economy.

This flexible approach underlies all our lending across all sectors, however, following increasing demand, we have launched new propositions for private equity backed businesses and those in the healthcare and leisure sectors. This provides greater flexibility in terms of the length of the loans and the interest rates that we can offer in these areas.

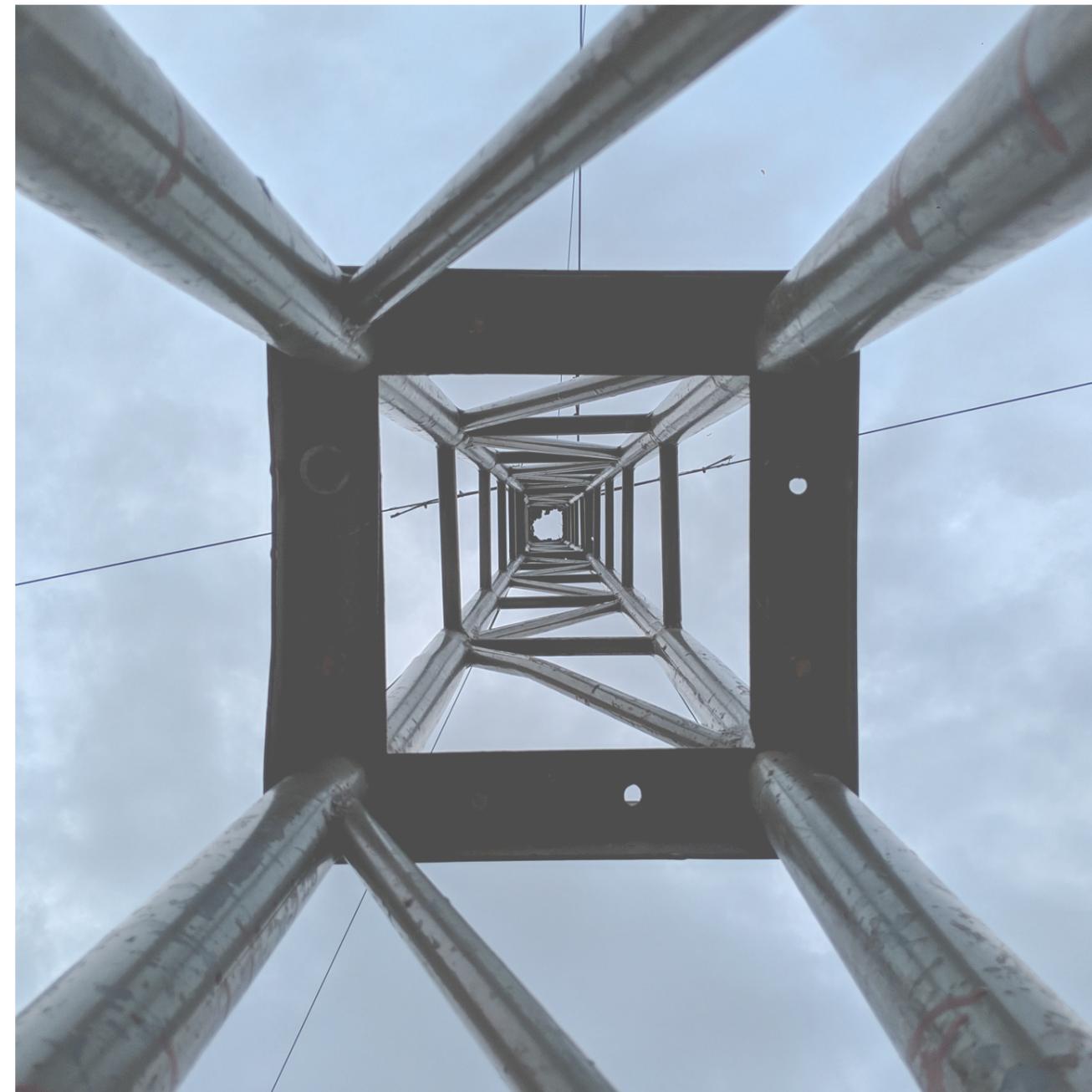
To meet the additional demand expected we have created specialist origination and credit teams for each segment.



"In response to demand, we have developed compelling new propositions for private equity investors and businesses in the healthcare and leisure sectors. By creating specialist credit and origination teams for each segment, we can offer excellent service levels and very competitive terms to the high quality borrowers in each of these areas."

The private equity team has worked on £125 million of lower mid-market opportunities during 2019 across 34 transactions. We see enormous growth potential in this space and have reduced our cost of funding in recognition of the financial strength and expertise that a PE house brings."

Dave Sherrington, Regional Head of Sales



“ The funding capital raised from institutions in 2018 has delivered strong risk adjusted returns to our institutional investors and will support our 2020 ambitions, however, we intend to add further institutions in 2020 to continue to support the widest range of mid-sized SMEs. ”

Ravi Anand, Managing Director

FUNDING IN ACTION

Throughout 2019 we helped create bespoke funding solutions for mid-sized businesses right across the UK. Here are a few of their stories.

MARINE GROUP: £10m refinance & expansion

As the largest marina operator in Wales with more than 1,200 berths at sites in Cardiff, Burry Port, Port Dinorwic and Aberystwyth, the Marine Group needed help consolidating numerous existing loans and additional funding to develop new income streams. Our credit and business development teams engaged quickly with the joint founders of the business to shape a funding package worth more than £10 million – one of our largest to date in Wales.



“We reached a stage in our development where we needed a clear funding strategy to support our longer-term growth ambitions. Up until now we had accumulated a range of tactical loans from a variety of lenders including the high street banks. Having made contact with Kash and the ThinCats team, they recognised our potential and helped shape an approach that will allow us to expand our existing activities and diversify into newer areas such as increasing our dredging capacity.”

Christopher Odling-Smee, Executive Director at the Marine Group

ANDUSIA: MBO in a high growth sector

Based in Hertford, Andusia is the UK's largest independent exporter of commercial waste, servicing the rapidly growing energy from waste market. In an economy evermore concerned about its environmental impact, Andusia offers a cost-effective and environmentally friendly solution to waste management. The MBO will enable key staff to have a greater shareholding in the business as it pursues an aggressive growth strategy.

“When we celebrated exporting our millionth tonne of RDF in 2018, we knew that we had reached the scale needed to expand further into the energy from waste sector. So we were delighted to be introduced to ThinCats, who quickly created a funding package to meet our specific needs. The funding will help us further align key staff with the business as we pursue ambitious expansion plans in the UK and continental Europe.”

Steve Burton, Director, Andusia



HICKORY'S: £13m private equity backed expansion

Looking to add new sites to its 11 existing restaurants across the North West and Midlands, Hickory's Smokehouse, backed by private equity investor Piper, needed funding to accelerate the roll out of its successful southern style dining format.

“We're pleased to have secured this deal with ThinCats, who had previous funding experience with our PE investor, as we step up our roll out plans. We've broadened our target area and are keen to find sites on either side of the Pennines and increase our presence in the Midlands.”

John Welsh, Managing Director, Hickory's

